

NTS Services Corp.

Application for a certificate of
local authority to operate as a
reseller of telecommunications
services in MSAs 5 (Bloomington),
6 (Peoria) and 17 (Galesburg)
in the State of Illinois.

ILLINOIS
COMMERCIAL COMMISSION
Nov 27 10 49 AM '00
CHIEF CLERK'S OFFICE

Testimony of Daniel Johnson President/CEO
of the
NTS SERVICES CORP

Q. Please state your name and business address.

A. Daniel Johnson, 2950 Court St., Pekin, Illinois.

Q. What is your occupation?

A. I am President of NTS Services Corporation.

Q. What is the purpose of your testimony?

A. My testimony is to support NTS' application to become an authorized reseller of telecommunications facilities in Market Service Areas 6 (Peoria), 5 (Bloomington), and 17 (Galesburg).

Q. What is the nature of the Company's business and how long has it been in operation?

A. NTS is a service-related company providing Internet and Electronic Filing Services nationwide. NTS was originally founded in 1989 in response to the IRS' decision to begin providing electronic transmission of Individual Tax Returns. From a beginning of 1 employee, the company grew throughout the 90's at an impressive rate. Today, the Electronic Filing Division has thousands of customers distributed throughout all fifty states. These customers are primarily composed of businesses providing Electronic Filing Services to taxpayers.

In 1995, the company diversified and began providing Internet services to the local Pekin area. NTS is currently the largest Internet Service Provider (ISP) in Pekin. This is a significant accomplishment, considering that there were 5 ISP's in Pekin when we entered the market. We currently have Points of Presence (POPS) in Pekin, Morton,

OFFICIAL FILE

ILL. C. C. DOCKET NO. 00-0687

NTS

FILED

11/29/00

B

Peoria, and Manito. Plans are underway for additional 700 POPS nationwide in the next 60 days consisting of 2000 access phone numbers.

NTS currently provides metered accounts, unlimited access accounts, web development and hosting, LAN network support, domain registration, search engine submissions and other related services. We also offer dedicated lines up to full T-1, electronic advertising, CD development, certified secure servers, encryption and ISDN.

Q. What is the extent of the authority that the company is seeking with this application?

A. The Company is seeking to become a reseller of telecommunication service only to the extent of reselling high speed Internet Digital Subscriber Line (hereinafter referred to as "DSL"). DSL is a relatively new transmission technology that allows users access to the Internet at much higher speeds than are possible through conventional dial-up access lines. These higher speeds greatly increase the usefulness and value of the Internet to the consumer. They also provide greater capabilities in the areas of commerce, education, entertainment and other uses of the Internet.

Our competitors have begun offering DSL service in the Pekin area. We continue to receive requests, both from our present dial-up customers and from prospective new customers, as to our ability to provide Internet access via DSL service. We are unable to do so at present. We feel that many aspects of the service that we presently provide are superior to those of our competitors, but we nonetheless find ourselves at a competitive disadvantage by not being able to provide DSL service.

It is my understanding that NTS must be authorized as a telecommunications reseller in order to purchase DSL service from the incumbent local exchange telephone company and resell to its own customers. Through this application, we are seeking such authorization.

Q. Why are you seeking authority in Bloomington and Galesburg MSAs at this time, when your primary activity is in the Pekin-Peoria area?

A. We plan to offer service in the Bloomington, Galesburg, MSAs within the next two years. We thought it would be helpful to include a request for authority in those areas in our initial application, rather than file an amended application in the near future.

Q. Does NTS have plans to expand its service offerings to include Exchange Telephone Service (POTS)?

A. We are not seeking such authority at the present time. We do expect to expand into that arena within two years and would seek broader authorization at that time.

Q. Please provide the name, address, telephone, and fax number of the person at your company that will be responsible for working with the Commission's Consumer Services Division for complaint resolution?

A. Rick Johnson

Vice President
501 Clinton Street
Bloomington, IL 61701
Telephone: 309-829-5070
Fax: 309-827-5012
E-mail: rjohnson@ntslink.net

- Q. Is your company seeking any waivers or variances of certain Commission rules and regulations in this proceeding that pertain to local exchange service? Please provide evidence as to why your company is seeking any waiver or variance.
- A. The company is seeking authority only to the extent of resale of DSL service under Section 13-403, 13-404 and 13-405 of the Illinois Public Utilities Act. Therefore, it is seeking waivers of Parts 710 and 735.
- Q. Will your company abide by 83 Illinois Administrative Code Part 735, "Procedures Governing the Establishment of Credit, Billing, Deposits, Termination of Service and Issuance of Telephone Directories for Telephone Utilities in the State of Illinois"?
- A. Yes, although the Company will not be providing telephone directories for DSL service.
- Q. Who will provide customer repair service for your company?
- A. Service and maintenance employees of the Company.
- Q. How many people does the company employ?
- A. The Company presently has 26 full-time employees and expects to add 16 more by the end of 2000.
- Q. Will your company meet the requirements as they pertain to the Telephone Assistance Programs imposed by Sections 13.301 and 13.301.1 of the Illinois Public Utilities Act and 83 Illinois Administrative Code Part 757?
- A. These Sections are not applicable to DSL service. If and when we offer voice grade communication services, we will meet these requirements.
- Q. Will your company solicit, collect, and remit the voluntary contributions from its telephone subscribers to support the Telephone Assistance Programs?
- A. We do not believe this is applicable to our service.
- Q. Does your company plan on filing to become an Eligible Telecommunications Carrier?
- A. Not at this time.
- Q. Does the company realize that it will not be able to receive any of the federal reimbursements for the Lifeline and Link Up Programs if it is not an eligible carrier?

A. Yes.

Q Has your company signed and returned the Universal Telephone Assistance Corporation ("UTAC") and the Illinois Telecommunications Access Corporation ("ITAC") to Commission staff?

A. Yes, see Exhibits A and B attached hereto.

Q. Will your company offer all of the waivers associated with the Universal Telephone Service Assistance Programs (UTSAP)?

A. We do not believe that these waivers are applicable to DSL service.

Q. Will your company abide by the regulations as prescribed in 83 Illinois Administrative Code Part 755, "Telecommunications Access for Persons with Disabilities," 83 Illinois Administrative Code Part 756 "Telecommunications Relay Service," and Sections 13-703 of the Illinois Public Utilities Act?

A. We do not believe that these regulations would be applicable to DSL services.

Q. Will the company's billing system be able to distinguish between resale and facilities based service for the collection of the ITAC line charge?

A. We do not believe that this will be applicable as we are offering only DSL service.

Q. Please describe your company's internal process for complaint resolution, the escalation process within your company, and when a customer is notified that they may contact the Illinois Commerce Commission for assistance.

A. The Customer Service Representative will try to resolve the customer's complaint to the customer's satisfaction. The CSR will make out an internal incident report on this customer with all the known facts to CSR. Any actions taken with the customer will be noted in the customer's account under incidents. If the CSR is unable to resolve the customer's complaint, the complaint is elevated to the next level of management.

The Director Manager or Supervisor will then call the customer and resolve the complaint to the customer's satisfaction. The Manager and/or Supervisor will let the customer know that they may contact the Illinois Commerce Commission for assistance if needed. If the Director and/or Supervisor cannot resolve the problem then the complaint is transferred to the President's Administrative Assistant.

The Administrative Assistant will reply to the customer with a letter of apology if needed and the steps that she will take to resolve the complaint for the customer. If the Administrative Assistant cannot resolve the complaint then she will inform the President.

- Q. Will applicant maintain its records in sufficient detail to facilitate the calculation of all applicable taxes?
- A. Yes.
- Q. Does the accounting system currently in use by applicant provide sufficiently detailed data for the preparation of Illinois Gross Receipts Tax returns?
- A. We will establish a sub account for revenue for revenue derived from DSL Service.
- Q. If a waiver of Part 710 is granted, will applicant provide annual audited statements for all periods subsequent to granting of the waiver?
- A. We do not anticipate providing audited statements, but we will provide statements prepared according to generally accepted accounting practices and prepared by our accountant..
- Q. Does applicant agree that the requested waiver of Part 710 will not excuse it from compliance with future Commission rules or amendments to Part 710 otherwise applicable to the Company?
- A. Yes.
- Q. Please describe how you plan to collect the monthly fee to be paid in advance.
- A. We use Emerald Complete ISP/DIAL UP Accounting and Management System & Quickbooks Pro 99 for our accounting. Illinois Sales Tax is entered into an account automatically.
- Q. Will customers' bills show a breakdown of services, features, surcharges, taxes, etc.?
- A. Yes.
- Q. Will customers get a receipt when paying the monthly fee?
- A. Only when paying in person. The monthly bill is marked paid when a customer pays in person. Most customers pay by check. In this case, their cancelled check serves as their receipt.
- Q. Will customers pay an installation fee? If yes, will payment arrangements be offered for the installation fee?
- A. Establishment of DSL service will be subject to an installation fee. Payment arrangements will be made on a case by case basis.
- Q. Will service be offered to the general public?

- A. Yes, subject to restrictions of infrastructure provider.
- Q. Will customers be made aware of dispute procedures and their ability to come to the Illinois Commerce Commission for assistance?
- A. Yes. That information will be included with their monthly billing notices.
- Q. Your company has requested a variance from 83 Ill. Adm. Code Part 735.180, Directories. How do you plan to provide directory services for your customers?
- A. We do not believe that these Sections are applicable for DSL Service. *If or when*
- Q. Who will provide repair service for your company?
- A. The company personnel will provide both repair and technical assistance in conjunction with the infrastructure providers' personnel.
- Q. How does your company plan to solicit customers?
- A. We plan to utilize radio, tv and direct mailings.
- Q. Does that conclude your testimony?
- A. Yes, it does.

LAW OFFICES
McNAMARA & EVANS

931 SOUTH FOURTH STREET
P.O. BOX 5039
SPRINGFIELD, ILLINOIS 62705

AREA CODE 217-528-8476
FAX 217-528-8480

EDWARD D. McNAMARA, JR.

VERNE H. EVANS
OF COUNSEL

GLEN CARBON OFFICE:
#21 GLEN-ED PROFESSIONAL PARK
GLEN CARBON, ILLINOIS 62034
(618) 656-3511

November 27, 2000

Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62706

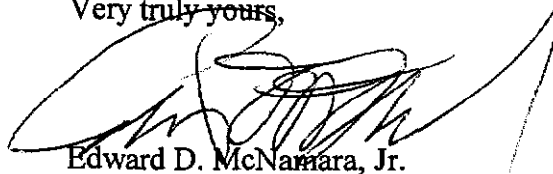
ILLINOIS
COMMERCE COMMISSION
NOV 27 10 49 AM '00
CHIEF CLERK'S OFFICE

Re: NTS Services Corp.

Dear Ms. or Sir:

I am hand delivering for filing Testimony of Daniel Johnson President/CEO of the NTS Services Corp. I am also hand delivering extra copies for Larry Jones, Barbara Langford, Judith Marshall and Mark Hanson. Would you please be so kind to deliver these copies as this matter is set for Wednesday. If there are any inquiries that need to be made with regard to this filing, would you kindly contact the undersigned at your earliest convenience. Thank you very much.

Very truly yours,



Edward D. McNamara, Jr.

EDM/bjh
Enclosures

MEMBERSHIP APPLICATION AND AGREEMENT
UNIVERSAL TELEPHONE ASSISTANCE CORPORATION

Name of Applicant: WTS Services Corp

Address of Applicant: 2209 Broadway

Peoria, Illinois 61654

Name, title, address, and telephone number of responsible individual with applicant to whom communications should be sent:

Rick Johnson

501 Clinton Street

Bloomington, Illinois 61701

302/820-3070

CHIEF CLERK'S OFFICE

Nov 27 3 07 PM '00

ILLINOIS
COMMERCE COMMISSION

The applicant hereby applies for membership in the Universal Telephone Assistance Corporation ("Corporation"), an Illinois not-for-profit corporation. Upon the applicant's execution of this application and submission of this application to the Corporation, the Corporation will accept and execute this application in the space provided below, and will return an executed copy of this application to the applicant.

In support of its application for membership, the applicant states and agrees as follows:

1. Applicant is a telecommunications carrier providing local service as defined in the Illinois Public Utilities Act ("PUA").
2. Applicant agrees that it will be subject to, and have those rights and obligations set forth in, the By-Laws of the corporation as adopted by the Corporation's Board of directors and approved by the Illinois Commerce Commission ("Commission"), as now in effect and as amended from time to time in the future.
3. Applicant acknowledges that the corporation is subject to the continuing supervision of and regulation by the Commission, and that the rights and obligations of each member may change as a result of this supervision and regulation.
4. To the extent from time to time approved by the Commission, the applicant delegates to the corporation authority to make such actions on behalf of the applicant as shall be necessary for the applicant to comply with its obligations under Section 13-301.1 of the PUA.
5. Applicant agrees to pay such portions of the monies collected by or on behalf of the applicant under and pursuant to Section 13-301.1 of the PUA (including income therefrom and appreciation thereon) as the Commission may from time to time order or as the corporation may from time to time request in accordance with orders of the Commission.

Dated: November 20, 2000

By: [Signature]

Title: President/CEO

SPACE BELOW TO BE COMPLETED BY UTAC ONLY

Acceptance: The above application and agreement is hereby accepted and the applicant is hereby accepted for membership in the corporation.

Date: _____

Universal Telephone Assistance Corporation

By: _____

Title: _____

**MEMBERSHIP APPLICATION AND AGREEMENT
ILLINOIS TELECOMMUNICATIONS ACCESS CORPORATION**

Name of Applicant: NTS Services Corp
2209 Broadway
Address of Applicant: Pekin, Illinois 61554

Name, title, address, and telephone number of responsible individual with applicant to whom communications should be sent:

Rick Johnson
501 Clinton Street
Bloomington, Illinois 61701
309/829-5078

The applicant hereby applies for membership in the Illinois Telecommunications Access Corporation ("Corporation"), an Illinois not-for-profit corporation. Upon the applicant's execution of this application and submission of this application to the corporation, the corporation will accept and execute this application in the space provided below, and will return an executed copy of this application to the applicant.

In support of its application for membership, the applicant states and agrees as follows:

1. Applicant is a telecommunications carrier providing local service as defined in the Illinois Public Utilities Act ("PUA").
2. Applicant agrees that it will be subject to, and have those rights and obligations set forth in, the By-laws of the corporation as adopted by the corporation's board of directors and approved by the Illinois Commerce Commission ("Commission"), as now in effect and as amended from time to time in the future.
3. Applicant acknowledges that the corporation is subject to the continuing supervision of and regulation by the Commission, and that the rights and obligations of each member may change as a result of this supervision and regulation.
4. To the extent from time to time approved by the Commission, the applicant delegates to the corporation authority to make such actions on behalf of the applicant as shall be necessary for the applicant to comply with its obligations under Section 13-703 of the PUA.
5. Applicant agrees to pay such portions of the monies collected by or on behalf of the applicant under and pursuant to Section 13-703 of the PUA (including income therefrom and appreciation thereon) as the Commission may from time to time order or as the corporation may from time to time request in accordance with orders of the Commission.

Dated: November 20, 2000
By: [Signature]
Title: President/CEO

SPACE BELOW TO BE COMPLETED BY ITAC ONLY

Acceptance: The above application and agreement is hereby accepted and the applicant is hereby accepted for membership in the corporation.

Date: _____ Illinois Telecommunications Access Corporation
By: _____
Title: _____